

Message Text

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ORIGIN EB-11

INFO OCT-01 ISO-00 ARA-16 COME-00 INT-08 AID-20 CIAE-00

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 NSC-10 SS-20

STR-08 CEA-02 TAR-02 GSA-02 L-03 H-03 PA-04 PRS-01

USIA-15 /171 R

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ARA/BR:DIKEMP

COMMERCE:BCABP:JLEVIN

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R 222135Z JAN 74

FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA

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E.O. 11652: N/A

TAGS: EIND, ETRD, BR

SUBJECT: US FERROUS SCRAP EXPORTS

REF: STATE 243602

1. BRAZILIAN STEEL OFFICIALS JOSE VICENTE FERRERA OF CONSIDER; MIGUEL DE LIMA BOHOMOLETZ OF GOB MINISTRY OF INDUSTRY AND COMMERCE; AND BRAZILIAN EMBOFF MET JAN 22 WITH DEPTOFFS AND COMMERCE OFFICIAL ON BRAZIL'S FERROUS SCRAP NEEDS.

2. BRAZILIANS STATED THAT BRAZIL WOULD NEED QUARTERLY IMPORTS OF 110,000 SHORT TONS (100,000 METRIC TONS) OF US FERROUS SCRAP FOR AT LEAST THE NEXT TWO YEARS, ATTRIBUTING LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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SHARP INCREASE IN DEMAND FOR US SCRAP TO EXPANSION OF BRAZILIAN STEEL INDUSTRY. ACCORDING TO BRAZILIANS, EXPAN-

SION BASED LARGELY ON BASIC OXYGEN FURNACES AND ELECTRIC FURNACES, BOTH OF WHICH REQUIRE SUBSTANTIAL SCRAP INPUT (BOF USUALLY TAKES ABOUT 30 PERCENT SCRAP CHARGE; AND ELECTRIC FURNACE ALMOST 100 PERCENT).

3. US REPS REVIEWED US SCRAP SUPPLY-DEMAND PICTURE ALONG LINES PARAS 3 AND 4 REFTTEL, AND NOTED THAT EXCEPT FOR 1972 WHEN US SCRAP EXPORTS TO BRAZIL TOTALED 63,000 ST, SCRAP SHIPMENTS TO BRAZIL IN RECENT YEARS HAVE BEEN LITTLE OR NOTHING. IN 1973, EXPORTS DURING JAN-JUNE (PRIOR TO IMPOSITION OF CONTROLS ON JULY 2) TOTALED 5,300 ST, WITH JULY-NOV EXPORTS ONLY 27 ST. BRAZILIANS REPLIED THAT UP UNTIL NOW LOCALLY GENERATED SCRAP MET MOST OF BRAZIL'S SCRAP REQUIREMENTS, BUT THAT INCREASED NEEDS WERE NOW BEYOND LOCAL CAPABILITIES. AS A RESULT, BRAZIL MUST TURN TO IMPORTED SCRAP. THEY ALSO NOTED THAT BRAZIL WAS A SIGNIFICANT SUPPLIER OF CHARCOAL-PRODUCED PIG IRON TO US UNDER LONG TERM CONTRACTS, WHICH THEY SAID WAS IN DEMAND BECAUSE OF ITS SPECIAL CHEMICAL PROPERTIES.

4. US REPS EXPRESSED UNDERSTANDING OF BRAZILIAN NEEDS, BUT NOTED THAT EXTREMELY TIGHT CONSTRAINTS IMPOSED BY 1974 PROGRAM VIRTUALLY RULED OUT POSSIBILITY OF BRAZIL GETTING ANY ADDITIONAL SCRAP BEYOND ITS 5,200 ST QUOTA DURING FIRST QUARTER. HOWEVER, USG WOULD BE WILLING CONSIDER BRAZILIAN REQUEST WITHIN CONTEXT OF SECOND QUARTER PROGRAM (ASSUMING THAT CONTROLS REMAIN IN EFFECT BEYOND FIRST QUARTER, WHICH NOT CERTAIN AT THIS TIME). US REPS SUGGESTED THAT BRAZILIANS PREPARE WRITTEN REQUEST FOR ADDITIONAL SCRAP CONTAINING DETAILED ECONOMIC JUSTIFICATION, AND ALSO SUGGESTED ECONOMIC COUNSELOR AT AMEMBASSY BRASILIA AS CONTACT POINT. FERRERA AND BOHOMOLETZ (BOTH OF WHOM BASED IN BRASILIA) SAID THEY WOULD START WORK ON THIS IMMEDIATELY, AND BE IN TOUCH WITH EMBASSY ON THEIR RETURN TO BRASILIA.

5. DEPARTMENT WOULD APPRECIATE EMBASSY'S COMMENTS ON WRITTEN REQUEST WHEN RECEIVED; ALSO COPY OF REQUEST ITSELF. WOULD ALSO APPRECIATE ANY OTHER COMMENTS EMBASSY MIGHT
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HAVE CONCERNING BRAZILIAN SCRAP NEEDS. KISSINGER

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Message Attributes

Automatic Decaptioning: X
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Current Classification: UNCLASSIFIED
Concepts: STEEL, EXPORT CONTROLS, EXPORT QUOTAS
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Copy: SINGLE
Draft Date: 22 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
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Executive Order: N/A
Errors: N/A
Film Number: n/a
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Handling Restrictions: n/a
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30 JUN 2005

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